

# State of South Dakota

## EIGHTIETH LEGISLATIVE ASSEMBLY, 2005

400L0303

### SENATE BILL NO. 46

Introduced by: The Committee on Health and Human Services at the request of the  
Department of Revenue and Regulation

1 FOR AN ACT ENTITLED, An Act to modify the requirements for closed block individual  
2 health benefit plans.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 58-17-64 be amended to read as follows:

5 58-17-64. Premium rates for individual health benefit plans shall produce a minimum  
6 lifetime loss ratio of not less than sixty-five percent. The director may promulgate rules pursuant  
7 to chapter 1-26 which modify the minimum loss ratio required based on the specific design of  
8 the product or other objective and pertinent criteria. For individual health benefit plans that are  
9 in closed blocks and the health carrier has discontinued actively marketing in this state, the loss  
10 ratio is ninety percent unless the health carrier has implemented a medical management program  
11 or unless the health carrier has elected to enter into the arrangement specified in section 2 of this  
12 Act. No carrier is considered to have a medical management program unless the carrier has:

- 13 (1) A program that has been filed and approved by the director on an annual basis;  
14 (2) Implemented a program that effectively manages diseases of insureds under the  
15 health benefit plans and can demonstrate actual cost savings; and



(3) Entered into contracts with networks or directly with health care providers to achieve cost savings at a level consistent with the current health insurance market.

Section 2. That chapter 58-17 be amended by adding thereto a NEW SECTION to read as follows:

Any health carrier with a closed block of individual health benefit plans that has discontinued actively marketing in this state may elect to have the insureds covered under the closed block of business to be administered by the risk pool. The health carrier, by electing to have the risk pool administer the closed block or blocks of business, is subject to the following:

- (1) An assessment from the risk pool designed to cover the extra administrative costs borne by the risk pool for administration of the closed block and the excess of claim costs over premiums;
- (2) All billing, customer service, and claims handling would be administered by the risk pool;
- (3) The rate for the insureds under the administration of the risk pool is limited to one hundred fifty percent of the amount specified in § 58-17-125;
- (4) The insureds may elect to have the benefit plan design changed to one of the options as provided by § 58-17-130; and
- (5) The plan under which the insureds are covered pursuant to this section, whether covered under their original benefit plan design or that provided by § 58-17-130, is subject to the preauthorization, disease management, and managed care provisions that the risk pool may adopt including out-of-network penalties for any network the risk pool may contract with directly or indirectly for such insureds.

Section 3. That chapter 58-17 be amended by adding thereto a NEW SECTION to read as follows:

1       The reimbursement rate provisions of § 58-17-115 do not apply to this Act.